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SUBJECT: KAZAKHSTAN: DEPUTY SECRETARY OF ENERGY PONEMAN'S MEETING
WITH STATE SECRETARY-FOREIGN MINISTER SAUDABAYEV, OCTOBER 7, 2009

Classified By: Ambassador Richard E. Hoagland: 1.4 (B), (D)

11. (SBU) SUMMARY AND COMMENT: During an unusually warm and cordial meeting between Deputy Secretary of Energy Daniel Poneman and State Secretary-Foreign Minister Kanat Saudabayev in Astana on October 7:

-- Poneman pressed Kazakhstan to commit the required funding to finish fully the final steps to decommission the BN-350 fast-breeder reactor at Aktau, and to accelerate the down-blending of highly enriched uranium at Alatau;

-- Poneman recommended ways for Kazakhstan to broaden its peaceful nuclear cooperation, and asked that Kazakhstan designate a lead inter-agency entity so that the construction of the biological Central Reference Library can move forward;

-- Saudabayev assured full cooperation on all fronts, and asked for U.S. support for Kazakhstan's proposal to host an IAEA-approved nuclear fuel bank, and support for Kazakhstan's effort in the UN to have August 29 designated as an annual non-proliferation day (Poneman assured Saudabayev of U.S. support for both); and

-- Saudabayev reiterated his effort to ensure that Presidents Obama and Nazarbayev meet during the time-frame of the April 2010 Global Nuclear Security Summit in the United States.

12. (C) SUMMARY AND COMMENT CONTINUED: This meeting was unusually warm and cordial, and we intend to build on it to move forward specific items on our bilateral agenda. An Obama-Nazarbayev meeting in April 2010 would provide momentum not only for our non-proliferation and broader energy agendas, but possibly for other key interests as well. END SUMMARY AND COMMENT.

13. (SBU) Deputy Secretary of Energy Daniel Poneman met with State Secretary-Foreign Minister Kanat Saydabayev in Astana on October 7. Poneman told Saudabayev that the fact he is leading a broad interagency delegation (Department of Energy, Department of Defense, Department of State, National Security Council) is strong evidence of the importance the United States attaches to its strategic relationship with Kazakhstan. In return, Saudabayev praised President Obama's non-proliferation initiatives, noting that President Nursultan Nazarbayev has made several public statements in

support of them, "which is natural, since our presidents' views are so closely aligned." Saudabayev said, "We are ready to expedite our cooperation as much as possible. We have a lot to do and want concrete steps forward before the April 2010 Global Nuclear Security Summit in Washington (which President Nazarbayev plans to attend). Together, we will deal with all serious issues. I assure you that our relationship was, is, and will be a priority -- this is why President Nazarbayev assigned me to this additional position."

14. (SBU) Poneman welcomed Saudabayev's words of support on bilateral nuclear cooperation. He said that he knows well Nazarbayev's non-proliferation history, which is "exemplary leadership for the world." He recalled a dinner at Kennebunkport, Maine, in 2006, during which Nazarbayev "reminisced about those early decisions of our shared history." He said that Kazakhstan's non-proliferation history, as well as its resource base of oil, natural gas, and uranium, gives Kazakhstan an increasingly important role on the world stage, and specifically in the nuclear energy industry.

TO DO BEFORE THE GLOBAL NUCLEAR SECURITY SUMMIT

15. (C) NON-PROLIFERATION: Poneman said he hopes that Kazakhstan will play an important role in the Global Nuclear Security Summit "to showcase as a model for others how we work together." He suggested Kazakhstan show clear movement now with the BN-350 fast-breeder reactor decommissioning project. The goals for "the next time we meet" should include Kazakhstan committing to finance the construction of the geocement stone facility, sustainment funding for the U.S.-built sodium processing facility, and on-time and secure movement of spent fuel from Aktau to the storage facility at Baikal-1 near Semipalatinsk. Additionally, it would be important to

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accelerate the blend-down of highly enriched uranium at the VVR-K reactor at the Institute for Nuclear Physics to support both nonproliferation goals and commercial opportunities.

16. (C) PEACEFUL NUCLEAR COOPERATION: Citing President Obama's speech in Prague in April, the Deputy Secretary said that a new framework for global nuclear cooperation was being developed. He pointed out that Kazakhstan has all of the qualities to make itself a successful leader of this global agenda, including a strong nonproliferation history, world-class uranium resources, and technical expertise -- all of which could be leveraged to expand our bilateral non-proliferation cause with other countries. Poneman told Saudabayev he had discussed these issues in detail in Almaty on October 6 with KazAtomProm Chairman Vladimir Shkolnik (septel), and hoped we could develop further cooperation in these areas, which could be discussed more concretely during the next meeting in China of the Global Nuclear Energy Partnership (GNEP). (NOTE: Kazakhstan was one of the original members of the GNEP, but has not attended a meeting in more than a year. END NOTE.)

SAUDABAYEV ASSURES COOPERATIVE PARTNERSHIP

17. (C) Responding to Poneman's comments about peaceful nuclear cooperation, Saudabayev recalled that Kazakhstan wants to host a nuclear fuel bank, and asked if the United States could support Kazakhstan and help accelerate the International Atomic Energy Agency's (IAEA) decision-making process on this. He also noted that during his bilateral meeting with Iranian Foreign Minister Manoucher Motakki in New York during the UN General Assembly, he had once again pressed Iran on the importance of transparency about its professed civilian nuclear energy program and had encouraged Iran to follow Kazakhstan's model. Saudabayev also asked that the United States support Kazakhstan's proposal that the United Nations designate August 29 as an annual nuclear non-proliferation day. Finally, referring to the Global Nuclear Security Summit, Saudabayev told Poneman that Kazakhstan is preparing seriously so that President Nazarbayev's participation will be substantive and significant. Saudabayev said he would welcome any further suggestions for concrete steps to achieve before the summit.

18. (SBU) Covering the broader bilateral energy agenda as "areas for our future close cooperation," Saudabayev noted that Kazakhstan is taking seriously climate change and renewable energy -- "We have

built a biofuel plant at Petropavlovsk, and wind power has real potential in Kazakhstan."

¶9. (SBU) The Deputy Secretary responded that there is a great deal of convergence between the interests of Kazakhstan and the United States -- "that's why we are good friends." Poneman assured Saudabayev the United State will work with the IAEA toward the goal of having the IAEA's board of governors seriously consider Kazakhstan's desire to host a nuclear fuel bank. He assured Saudabayev of U.S. support for Kazakhstan's proposal to the UN that August 29 be designated an annual commemoration for nuclear non-proliferation, and thanked Kazakhstan for its efforts on renewable energy, as well as for seeking multiple routes for the export of its growing oil production.

SAUDABAYEV PITCHES AN OBAMA-NAZARBAYEV MEETING

¶10. (SBU) Citing French President Nicholas Sarkozy's visit to Astana earlier in the week and his own "warm and productive" meeting with Secretary of State Clinton when they were in New York for the UN General Assembly, Saudabayev made his case again for an Obama-Nazarbayev meeting in the White House before or after the Global Nuclear Security Summit in April 2010. "Our presidents' views truly do converge on nuclear security, and we will take any steps necessary to ensure that this meeting is fully successful." Saudabayev said that the State Department probably can't fully advocate for this proposed meeting, because it has such broad global responsibilities that it needs to balance. But, he urged, "I hope the Department of Energy, the Department of Defense, and the National Security Council will take the lead to advocate for this bilateral

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meeting of our presidents."

¶11. (C) Poneman replied, "That I am here is a signal of how important this bilateral relationship is to the United States. From your own experience, you know Washington well. There will be a small number of bilateral meetings with President Obama at the Global Nuclear Security Summit. The issues we have just been discussing will provide a strong base-line for achievements that both of our presidents expect of us. Our relationship is broad and productive, but the Department of Energy is only one of many agencies in Washington."

CENTRAL REFERENCE LABORATORY

¶12. (SBU) Poneman told Saudabayev that it is important for the government of Kazakhstan to designate one lead agency with authority to require cooperation among the Ministries of Health, Agriculture, and Education and Science so that the construction of the biological non-proliferation Central Reference Laboratory can move forward.

MOVING FORWARD TOGETHER

¶13. (SBU) Summarizing the entire meeting, Poneman said, "I give you my personal word that I will work as hard as possible to advance our shared interests." Saudabayev responded, "We have no doubts about the importance of this relationship. The future of our partnership is hopeful. It is a positive and important sign that President Obama has appointed people like you and the others in your delegation who know Kazakhstan well." He reiterated that it was important that President Nazarbayev was one of the first world leaders Obama telephoned after his election, and he noted the follow-on importance of Vice President Biden's telephone call to Nazarbayev in April. Saudabayev concluded, "We will prepare well for the Global Nuclear Security Summit. We will move on multiple fronts and achieve our shared goals."

¶14. (C) COMMENT: This meeting was unusually warm and cordial, and we intend to build on that to move forward specific items on our bilateral agenda. We had heard speculation that Nazarbayev had named Saudabayev Foreign Minister specifically to enhance Kazakhstan's relationship with the United States, but now Saudabayev himself has confirmed it. An Obama-Nazarbayev meeting in April 2010 would provide momentum not only for our non-proliferation and broader energy agenda, but possibly for other key interests as well. END

COMMENT.

115. (U) Deputy Secretary Poneman has cleared this cable.

HOAGLAND